



Session moderator: **Bruno Robino**,
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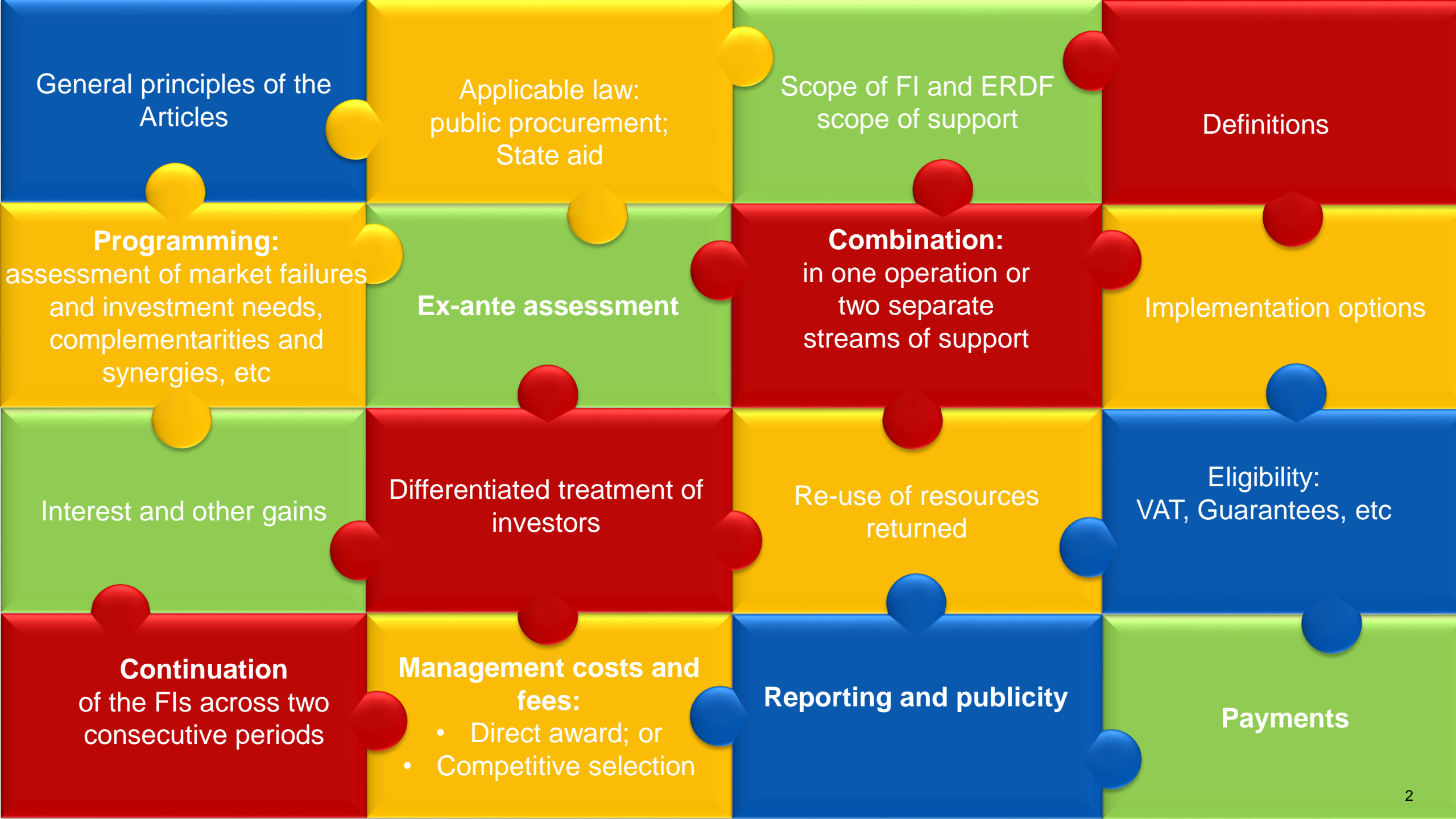
Legislation update – The new CPR and other key regulations

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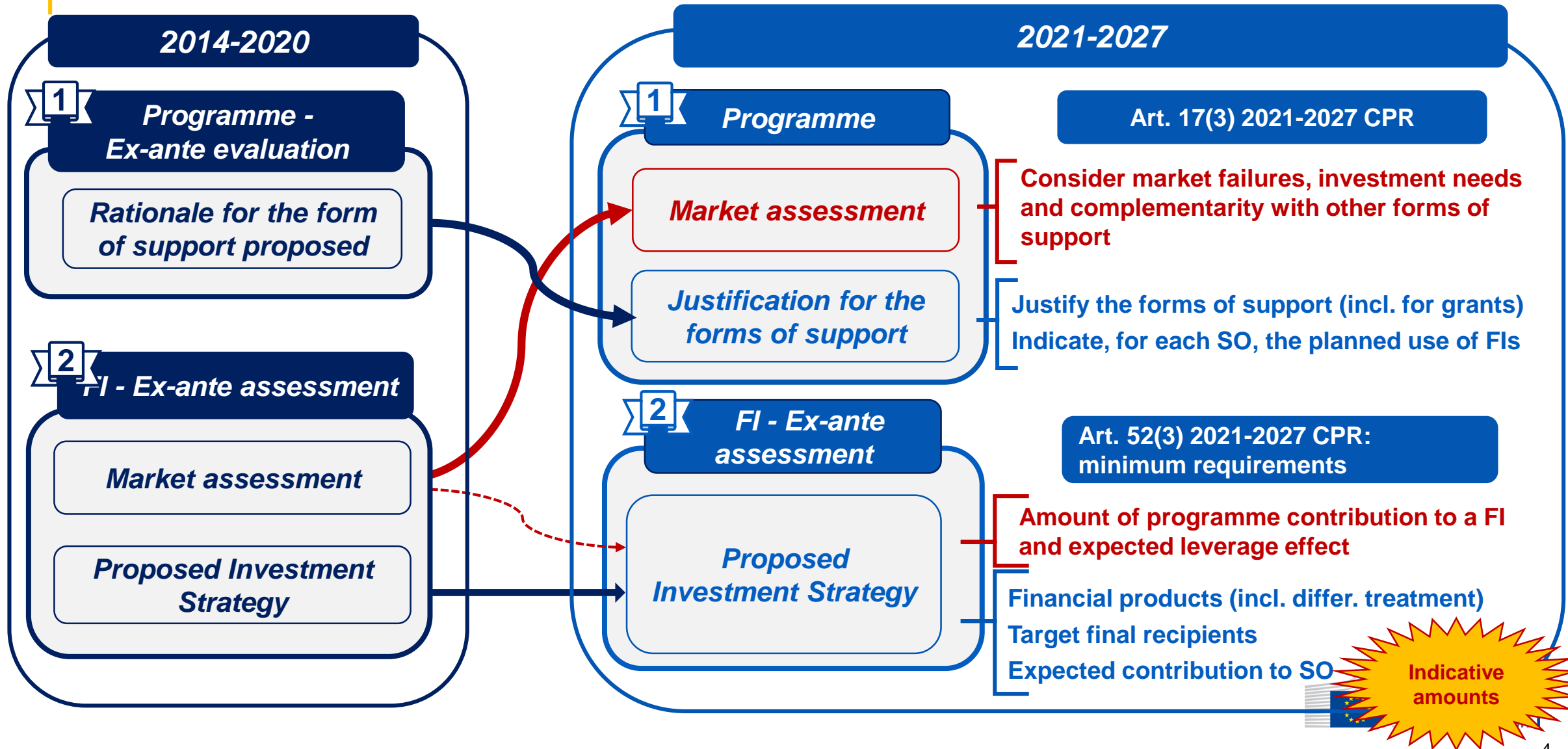




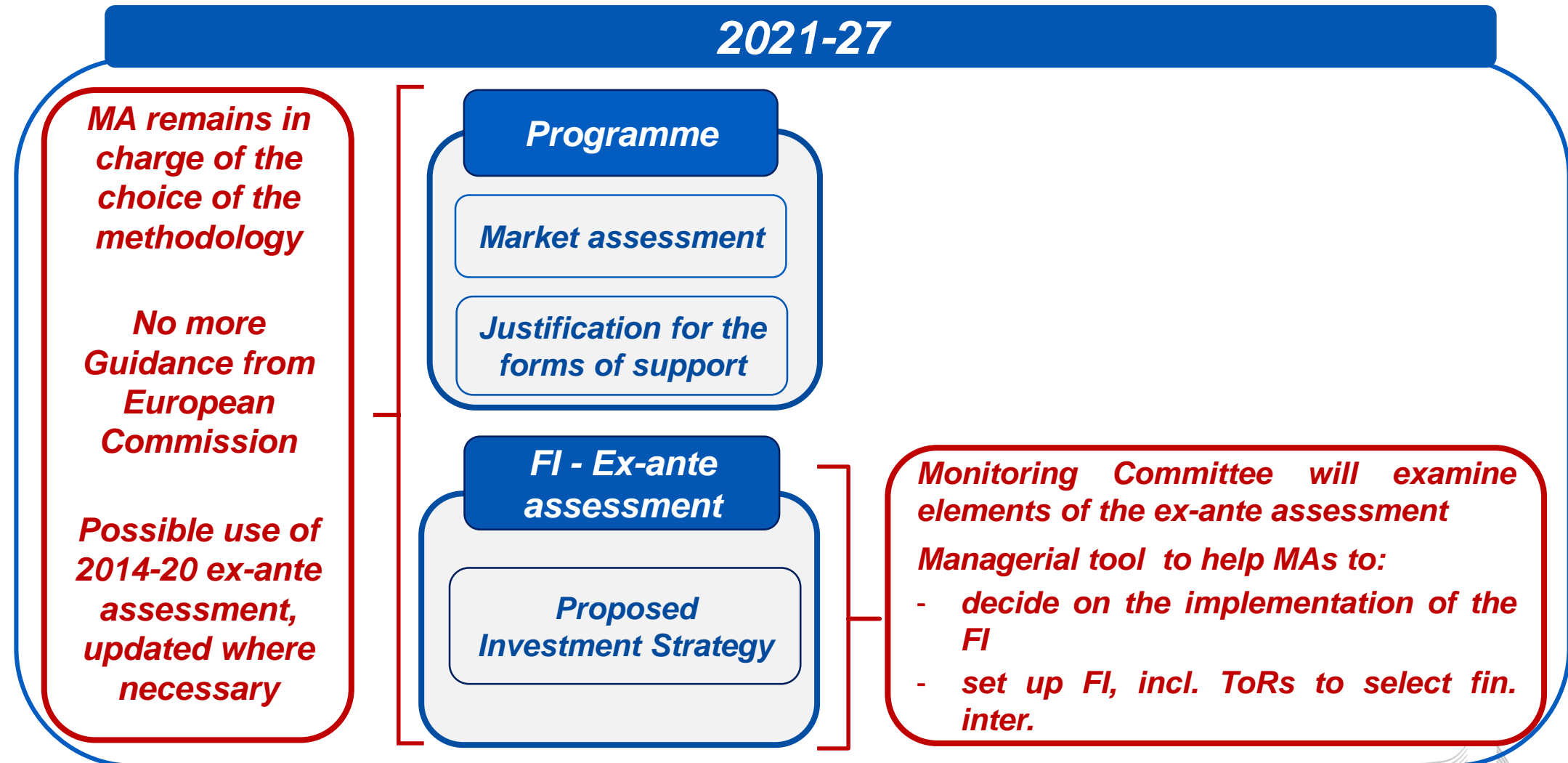
Novelties in the CPR

- **Financial instruments (FIs) better integrated into the programming and implementation process from the outset**
- Streamlined ex-ante assessment
- Combination:
 - In **ONE FI operation**: the grant shall be directly linked and necessary for the investment supported by the FI and shall have a lower value than the investments supported by the financial product at FI level
 - E.g. interest rate/guarantee fees subsidies, technical support, **NEW!:** “**capital rebate**”
- **Contribution from the Funds to InvestEU under ONE set of rules i.e. those of InvestEU**
- **Management costs and fees**
- Possibility of **continuation of FIs from one period to the subsequent one**, including 2014-2020 – procurement contracts to foresee this possibility
- **Payments from EC to MA:**
 - In case of FIs managed under the responsibility of the MA: **NEW!** First payment claim: advance of 30% of amounts committed and paid to the FI; to be cleared no later than in the final accounting year and disclosed separately in the appendix to the payment application; Subsequent payment claims: eligible expenditure

Change in the intervention rationale in post-2020

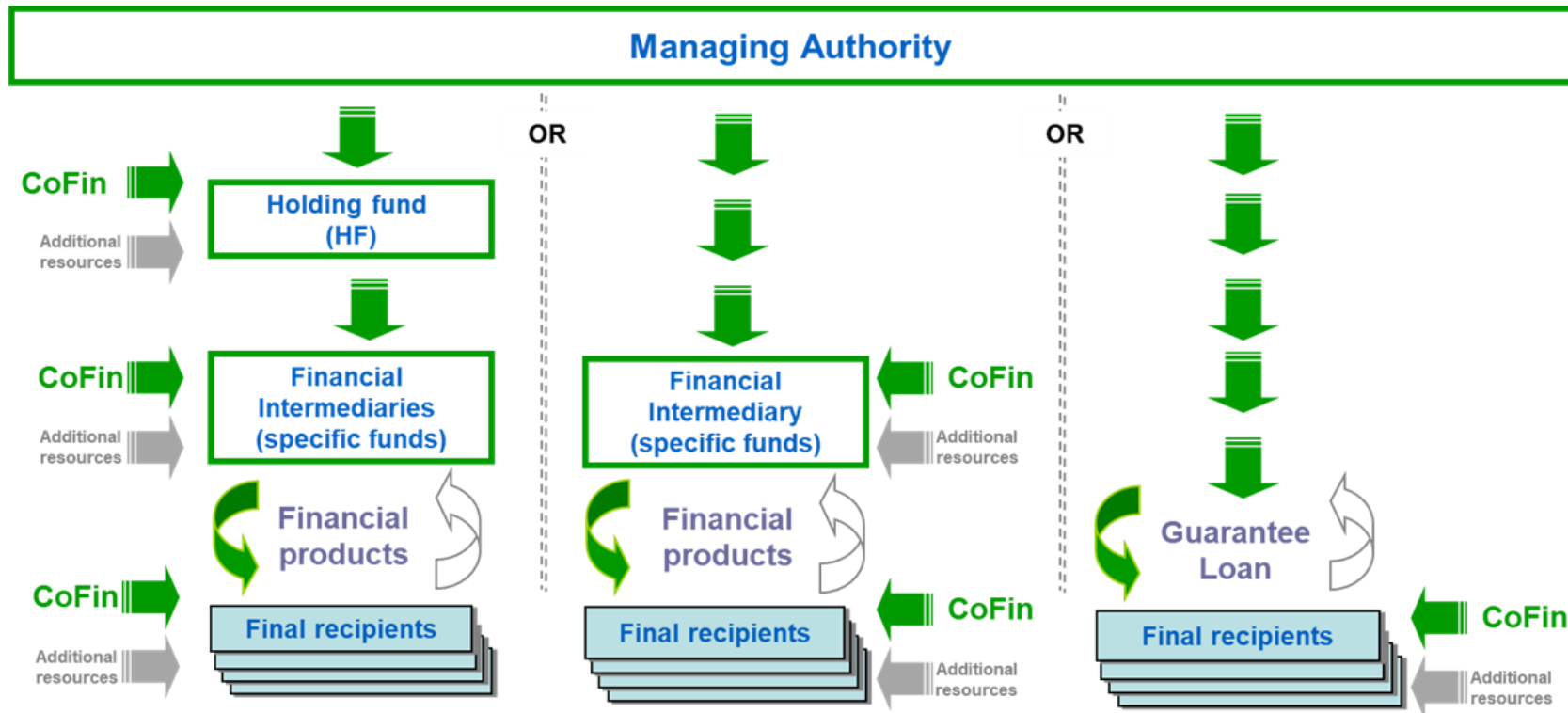


Change in the intervention rationale in post-2020



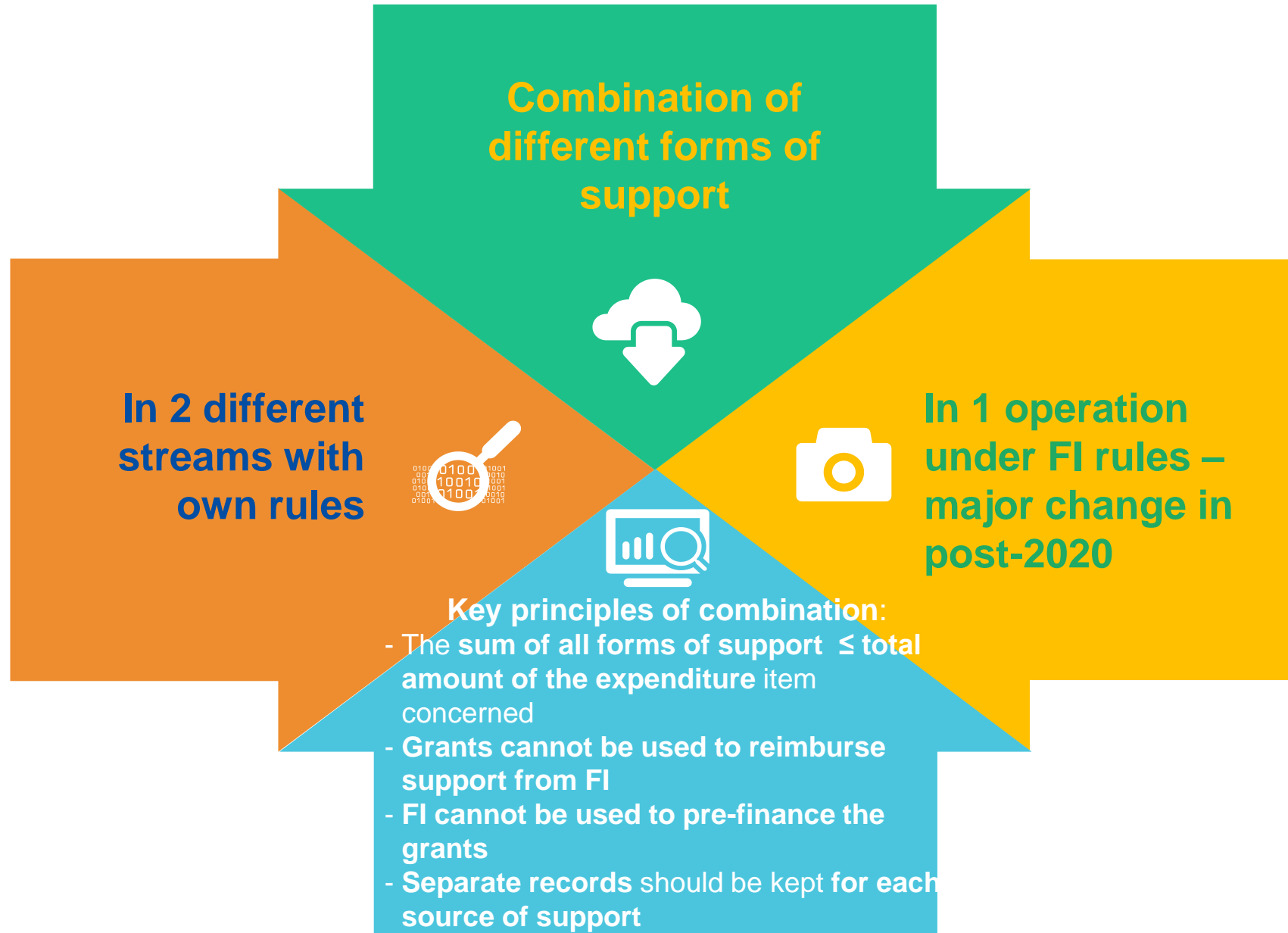
Implementation options (Article 53)

- Continuation of basic flexible implementation options
 - management of FIs by the managing authority itself (**Art. 53(1)**) – **only for loans and guarantees, no MCF – the same as in 2014-2020**, or
 - management of FIs (by third parties) **under the responsibility of the managing authority (Art. 53(2))**

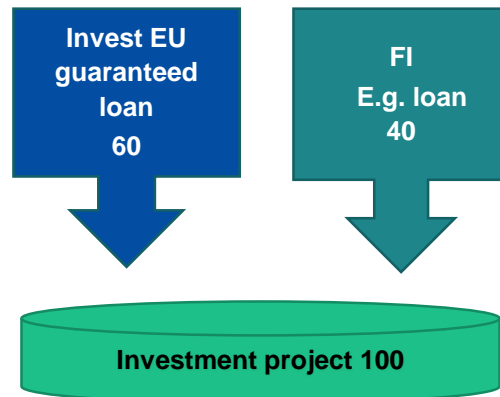


- The terms and conditions of programme contributions to FIs are to be set out in the **funding agreements** and **strategy documents** (Annex IX)

Combination - Articles 52(4) to (7)



Combination in 2 separate streams of support - Article 52(4)



- **Combination in TWO separate operations:** each form of support following its own rules

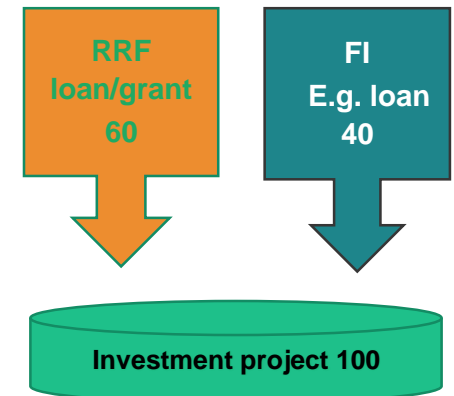
- **Combination of two streams of support is done at final recipient level**

- **Combination at the level of final recipient with EU level instruments possible!**

- **Allows for consistency and synergies with policy objectives delivered through various financial streams of support**

- **Combination with EU level instruments at the level of the FI** (e.g. SME Initiative, ESIF/EFSI) – **Not possible under CPR**

- but possible through a financial contribution to InvestEU to ensure a single set of rules



Management costs and fees – Article 62(2)

Simplified rules for management costs and fees

1

The **threshold** is applied to **programme contribution disbursed to final recipients or amount set aside for guarantee contracts** – final amount known at closure

2

Differentiated thresholds in case of **direct award of contract**:

- holding funds,
- specific funds

3

4

Performance-based with a methodology to be defined by the managing authority in case of direct award and competitive tender

No thresholds in case of **competitive tender**

5

Management costs and fees – direct award of contract

Holding fund



5%

If a guarantee or a loan fund operates in the holding fund structure

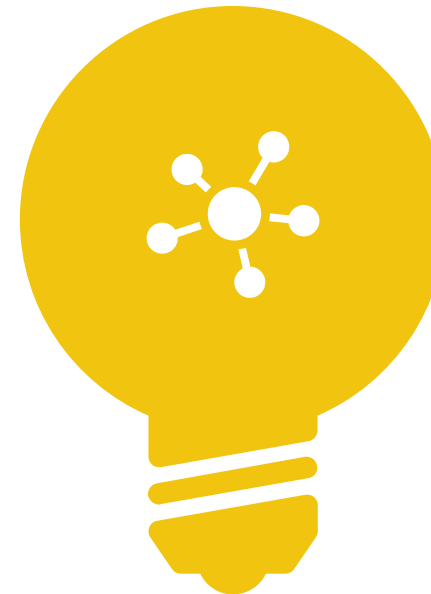
Holding fund



7%

If an equity fund operates in the holding fund structure

Specific fund



7%

Loans and guarantees

Specific fund



15%

Equity

Eligibility for FIs Article 62(1a)

NEW! Continuation of the FIs across two consecutive periods *(to replace escrow accounts)*

Proposal aimed to cover the following issues:

Continuation of the existing FIs from the current period to the next one and/or from post-2020 to the subsequent one

Also for: interest rates & guarantee fees subsidies, MCF for equity-based instruments, follow-on investments, etc.



Conditions to be fulfilled cumulatively:

- FI operation already approved under one period and the financial instrument implementation continues in the subsequent period
- The necessary legal and financial agreements have been made to ensure the continuation
- The eligible expenditure related to one period is declared to the Commission only during that period

Example: continuation – Article 62(1a)

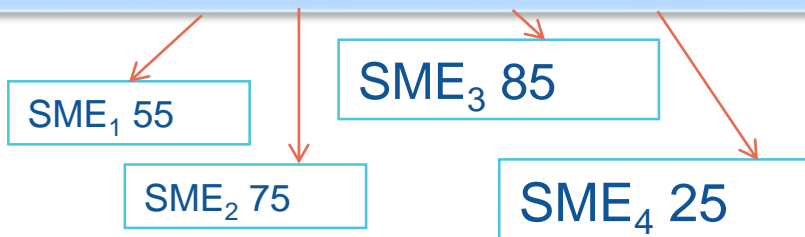
FI OPERATION approved in programming period A and continues in programming period B

End of eligibility of programming period A

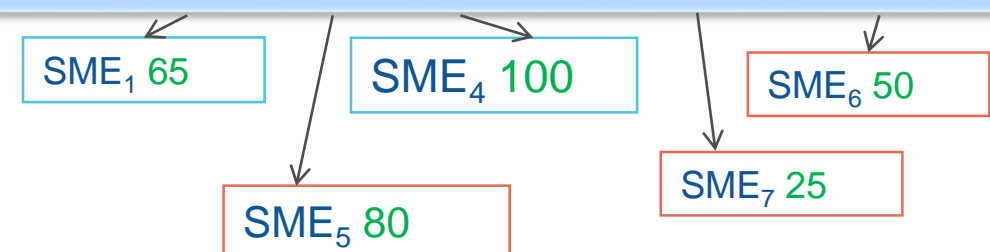
MA contributes programme resources of 150 (ERDF + national public) in programming period A

MA contributes programme resources of 200 (ERDF + national public) in programming period B

Co-investment facility: Equity fund manager selected in open competition to manage the volume of the fund of up to 600 with 20% performance based MCF. In addition to programme resources of 350 it has to provide co-financing of minimum 1% with own resources on each deal and attract co-financing of other investors 40%-60% on a deal by deal basis. The funding agreement sets out the conditions that the fund may continue to provide investments in the subsequent programming period.



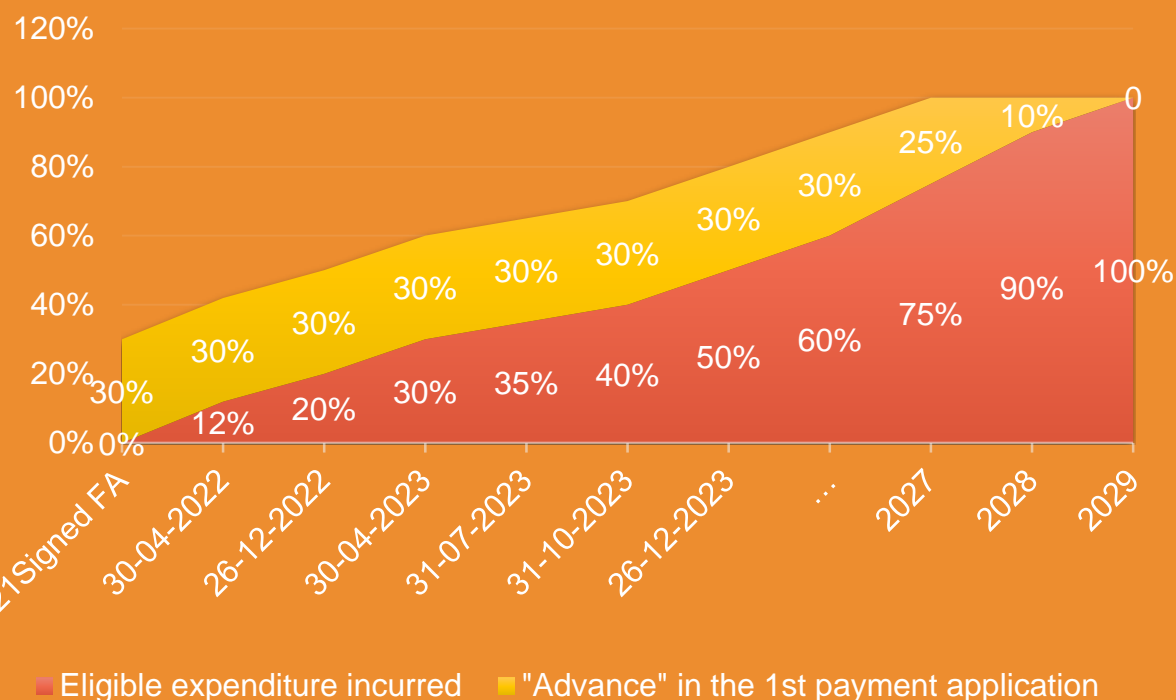
240 investment in FR + 48 MCF = 288 Eligible expenditure declared to the Commission in relation to the programming period A



320 investment in FR + 64 MCF = 384 Eligible expenditure declared to the Commission in relation to the programming period B

Payments – Article 86

Example of liquidity levels for FI



Amount signed in the FA = 500

Amount included in the 1st payment application = 150

Comments	(cumulative from the start of the programme)	Amount included in the first payment application and paid to the financial instrument in accordance with Article 86 (max 30% of the total amount of programme contributions committed to [the] financial instrument[s] under the relevant funding agreement)		Corresponding cleared amount as referred to in Article 86(3) ¹	
		(A)	(B)	(C)	(D)
	Priority	Total amount of programme contributions paid to financial instruments	Amount of corresponding public contribution	Total amount of programme contributions effectively paid, or, in the case of guarantees, committed, as eligible expenditure in the meaning of Article 86	Amount of corresponding public contribution
2021 Signed FA	Priority 1	150	150	0	0
30-04-2022	Priority 1	150	150	0	0
26-12-2022	Priority 1	150	150	0	0
30-04-2023	Priority 1	150	150	0	0
31-07-2023	Priority 1	150	150	0	0
31-10-2023	Priority 1	150	150	0	0
26-12-2023	Priority 1	150	150	0	0
...	Priority 1	150	150	0	0
2027	Priority 1	150	150	0	0
2028	Priority 1	150	150	50	50
2029	Priority 1	150	150	150	150

¹ This amount shall not be included in the payment application

Financial instruments (FI) specificities in payment applications submitted by MSs to the EC

In case of direct implementation (Art. 86(1)): eligible expenditure incurred in line with Art. 62(1)

NEW approach to submitting payment applications in case of FIs managed under the responsibility of the MA

NEW! The 30% included in the first payment application is cleared no later than in the final accounting year and also disclosed separately in the appendix to the payment application Art. 86(3)

Publicity (Article 45)

- Ensure the visibility of the Union funding and among other Union support instruments
- Provide coherent, effective and targeted information to multiple audiences, including the media and the public
- Statement that highlights the support from the Funds on documents and communication materials (intended for the public or participants)
 - Short, proportionate description of the operation at their official website/social media site, highlighting the Union support



Reporting (Article 37)

NEW! joint transmission of data on grants and FIs

SIMPLIFIED! fewer reporting requirements

A few FI specific data are collected:

- Eligible expenditure by product;
- Amount of management costs and fees declared as eligible expenditure;
- The amount, by type of financial product, of private and public resources mobilized in addition to the Funds ;
- Interest and other gains generated by support from the Funds to FIs, as referred to in Article 54;
- Resources returned attributable to support from the Funds, as referred to in Article 56
- Total value of loans, equity or quasi-equity investments in final recipients which were guaranteed with programme resources and which were disbursed to final recipients

